India's expected loan from World Bank

893. SHRI V. RAJESHWAR RAO:
DR. SHRIKANT RAM:
CHANDRA JICHKAR:

Will the Minister of FINANCE be pleased to state:

(a) what was the outcome of his meeting with the Managing Director of the World Bank Mr. Ernest Stern on the 8th February, 1992;

(b) how much amount of loan is India expected to get from the World Bank; and

(c) how much amount of loan is India expected to get from the International Development Associates?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (c) Discussions were held with Mr. Ernest Stern, Managing Director of the World Bank, on February 8, 1993. Discussions with him included the volume and nature of future World Bank support to India's reform process, the performance of the present portfolio of commitments, and the steps necessary to ensure the best possible utilisation of the committed assistance. The details regarding the amount of assistance that India is likely to receive from the World Bank group which includes the International Development Association (IDA), were not finalised in the discussions. However, the World Bank has been requested to ensure that there is no reduction in India's present share of concessional IDA assistance.

Inflation rate

894. SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE:

SMT. VEENA VERMA:
SHRI MURLIDHAR CHANDRAKANT BHANDARE:

Will the Minister of FINANCE be pleased to state:

(a) whether as reported in the Financial Express of January 1, 1993, the official claim that the point to point rate of inflation based on the movements in the official wholesale price index for all commodities remained consistently in single digit between the last week of July, 1992 and the end of the year, 1992 with the exception of a single week (ended October 24) was not correct;

(b) if so, what were the correct point to point figures of the rate of inflation each week during the above period and during January, 1993; and

(c) what are the circumstances under which the discrepancy crept in?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) No, Sir. The Government has made no such claim.

(b) The point-to-point rate of inflation based on provisional and final indices of Wholesale Prices for each week from July 1992 onward sare given in the statement attached. (*see* below)

(c) In view of (a) above, the question of discrepancy does not arise.

Statement

ANNUAL (Point-to-point) Rate of Inflation in Wholesale Price Index (WPI)—July 1992 onwards

(Per cent)

Week No.	Week Ending (Date)	RATE OF INFLATION	
		Provisional to final*	Final to Final
1	2	3	4
14	04-07-92	11.24	12.34
15	11-07-92	11.10	12.24
16	18-07-92	10.91	11.90
17	25-07-92	9.28	10.40
18	01-08-92	9.12	9.99
19	08-08-92	8.73	9.69
20	15-08-92	8.35	9.30
21	22-08-92	7.75	8.56
22	29-08-92	7.75	9.22
23	05-09-92	7.60	9.07
24	12-09-92	7.41	9.02
25	19-09-92	8.79	10.17
26	26-09-92	9.19	10.23
27	03-10-92	9.33	10.62
28	10-10-92	9.33	10.42
29	17-10-92	9.80	10.61
30	24-10-19	10.03	10.55
31	31-10-92	9.75	10.18
32	07-11-92	9.15	9.43
33	14-11-92	8.84	9.03
34	21-11-92	8.69	8.78
35	28-11-92	8.55	8.55
36	05-12-92	8.69	8.60

1	2	3	4
37	12-12-92	8.55	8.46
38	19-12-92	8.55	8.64
39	26-12-92	7.84	
40	02-01-93	7.12	
41	09-01-93	6.97	
42	16-01-93	6.77	
43	23-01-93	7.00	
44	30-01-93	6.86	
45	06-02-93	6.95	
46	13-02-93	6.56	

* The index at the time of its release is provisional and it is made final after eight weeks by which time the required information is available.

Objective of LERMS

895. SHRI KAMAL MORARKA: Will the Minister of FINANCE be pleased to state:

(a) what was the main objective behind the introduction of Liberalised Exchange Rate Management System (LERMS);

(b) what is the extent to which Government succeeded in achieving the objective;

(c) whether there is any failure in achieving the objective; and

(d) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) The introduction of the Liberalised Exchange Rate Management System (LERMS) effective from 1st March, 1992, is aimed at eliminating licensing control and allowing the exchange rate to reflect the scarcity of foreign exchange. The system has worked fairly well so far. Despite virtually complete removal of import licensing on all raw materials components, intermediates and capital goods, the trade account has been managed fairly effectively without any undue pressure on the exchange rate. The difference between free market rate and the illegal or hawala rate is fairly small, around eight per cent or so, which is an important factor moderating the diversion of foreign exchange into illegal channels.

(c) No, Sir.

(d) Does not arise.

Impact of new financial measures on NRI Investment

896. SHRI KAMAL MORARKA: Will the Minister of FINANCE be pleased to state:

(a) What has been the Impact of new Financial Measures on the investment made by NRIs; and

(b) what are the results of the periodic studies conducted on the investment made by NRIs and MNCs after the announcement of new policy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) The investment proposals received from NRIs and appro-